

HCS HB 2314 -- ST. LOUIS PUBLIC SCHOOL RETIREMENT

SPONSOR: Leara

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Emerging Issues in Education by a vote of 11 to 1. Voted "Do Pass with HCS" by the Select Committee on Education by a vote of 9 to 1.

This bill changes the laws regarding the Public School Retirement System of the City of St. Louis. In its main provisions, the bill:

(1) Allows a teacher within the Public School Retirement System of the City of St. Louis to retire at age 65 or when his or her age added to the number of years of credited service is not less than 80. This will commonly be known as the Rule of 80. Currently, the retirement age is 65 or when the age added to the number of years of credited service is 85 and the rule is commonly known as the Rule of 85;

(2) Beginning January 1, 2017, new employees hired for the first time, will have their retirement benefits calculated using a 1.75% multiplication factor. Existing employees will have their benefits calculated using a multiplication factor of 2% for years of service prior to January 1, 2017 and 1.75% for years of service on or after January 1, 2016;

(3) Increases a current member's contribution to the system by .5% of the member's compensation each year until the contribution rate equals 9%. New members will automatically contribute 9%;

(4) Beginning January 1 of the year immediately following the year that the total contribution rate provided by the employer and member, when added together, is greater than 15%, then the percentage contribution amount paid by the employer and member must be equal. The equally divided contribution percentage rate must not be greater than 9%; and

(5) Changes in contribution rates from year to year must be in increments of .5% per year and shall not be greater or less than .5% from the previous year's rate.

This bill is similar to HB 1205 (2015).

PROPONENTS: Supporters say this bill will help to promote more accurate planning, something that has been difficult because the actuarial findings and rates change each year. One of the largest problems is the unreliable way in which they receive pension information (as determined by the actuarial board) and the impact

that this has financially on the district.

Testifying for the bill were Representative Leara; Angela Banks, St. Louis Public Schools; and Mary Houlihan, St. Louis Public Schools.

OPPONENTS: Those who oppose the bill say, to their knowledge, teachers have not been informed about the bill. The bill does not address a Cost of Living Adjustment (COLA), which they haven't received in eight years. The teachers and their association were not involved in the creation of this bill. It seems the students would be the first to feel the effects of a lesser contribution.

Testifying against the bill were AFT St. Louis Local 420 and IBEWI/St. Louis NECA.